

**BEFORE THE POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001**

Postal Rate Commission
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Postal Rate and Fee Changes, 2006

Docket No. R2006-1

**INTERROGATORIES AND REQUESTS FOR PRODUCTION
OF DOCUMENTS OF PITNEY BOWES INC. TO UNITED STATES
POSTAL SERVICE WITNESS MARK D. McCRERY
(PB/USPS-T42-1-13)**

Pursuant to Rules 25 through 28 of the Rules of Practice of the Postal Rate Commission, Pitney Bowes Inc. ("Pitney Bowes") directs the following interrogatories and requests for production of documents to United States Postal Service Witness Mark D. McCrery. If the witness cannot answer a question or subpart, we request that the Postal Service answer through another witness or submit an institutional response.

Respectfully submitted,

/s/
James Pierce Myers
Attorney at Law
1211 Connecticut Avenue, NW
Suite 610
Washington, DC 20036
Telephone: (202) 331-8315
Facsimile: (202) 331-8318
E-Mail: jpm@piercemyers.com

Michael F. Scanlon
PRESTON GATES ELLIS &
ROUVELAS MEEDS LLP
1735 New York Avenue, NW
Washington, DC 20006
Telephone: (202) 628-1700
Facsimile: (202) 331-1024
E-Mail: mscanlon@prestongates.com

Counsel to PITNEY BOWES INC.

DATED: June 22, 2006

PB/USPS-T42-1. Please confirm that mailers and presort bureaus perform “pallet separations” (i.e. sorting letter trays to pallets that destinate to different local and non-local postal facilities) for First-Class letter mail. If you cannot confirm, please explain fully. If you confirm, please describe the value of these pallet separations to the Postal Service and discuss how pallet separations reduce or eliminate USPS transportation and mail processing costs. Please also confirm that the USPS works with mailers and presort bureaus to design pallet separations that benefit the Service and that these separations may be changed periodically as the Postal Service changes its operations so that the pallet separations continue to benefit the Service.

PB/USPS-T42-2. Please confirm that an individual mailer or presort bureau may often make pallet separations to more than 30 different local and non-local postal facilities. If you cannot confirm, please explain fully.

PB/USPS-T42-3. Please confirm that a mailer cannot make pallet separations if the mailer mails only MAADC First-Class Mail. If you cannot confirm, please explain fully.

PB/USPS-T42-4. Please confirm that pallet separations allow the Postal Service to either (1) transport the pallets directly to the final local facility, typically avoiding platform and other mail processing operations at an intermediate local facility or (2) cross dock the mail at an intermediate local facility. Please also confirm that pallet separations typically permit the Postal Service to avoid entering, staging, and breaking down the

pallet, sorting the trays into rolling stock, and staging and loading the rolling stock at the intermediate facility. If you cannot confirm, please explain fully.

PB/USPS-T42-5. Please refer to PB/USPS-T29-8 in Docket No. R2005-1 and your response to that interrogatory. If you were asked the same question in this docket would your response be the same? If not, please describe any changes you would make in that response.

PB/USPS-T42-6. Please describe the operations where the Postal Service straps and sleeves trays containing First-Class Mail letters and include in your response a discussion of the craft, number and grade of employees, clocked-in MODS operation, and mail transport equipment used in the operations.

PB/USPS-T42-7. Please refer to PB/USPS-T49-16 in Docket No. R2005-1 and your response to that interrogatory. If you were asked the same question in this docket would your response be the same? If not, please describe any changes you would make in that response.

PB/USPS-T42-8. Please refer to USPS-LR-L-48, page 3, column H headed "Fixed (Cents)" showing total fixed costs of 1.792 cents. Please provide any operational studies or information you have supporting the premise that these costs actually are fixed with respect to presort level.

PB/USPS-T42-9. Please refer to USPS-T-12, the direct testimony of Thomas Bozzo, on behalf of the Postal Service in Docket No. R2005-1, pages 40 and 41, where he states:

Third, for allied labor and general support operations, it is possible to view cost causation as following a “piggyback” model, in which the costs in support operations are viewed as driven by—and thus volume-variable to the same degree as—the “direct” operations.

- a. Do you agree with this statement? If you do not, please explain why not.
- b. If the words “fixed and proportional with respect to presort level” were substituted for the words “volume-variable” would you still agree with this statement. If you would not, please reconcile this answer with that provided in part a.

PB/USPS-T42-10. Please refer to USPS-LR-L-110, page 3, column H headed "Fixed (Cents)" showing total fixed costs of 1.766 cents. Please provide any operational studies or information you have supporting the premise that these costs actually are fixed with respect to presort level.

PB/USPS-T42-11. Please refer to page 11 of your testimony where you state “[b]arcoded automation letters presorted to the 5-digit level provide additional value, since these trays bypass the additional upstream handlings prior to incoming secondary distribution.”

- a. Please explain fully whether these “additional upstream handlings” include both piece and container handlings.
- b. Please explain fully whether part or all of the “additional value” you ascribe to these 5-digit letters is cost savings as compared to mail that is not as presorted.
- c. Please describe any “additional value” in addition to cost savings.

PB/USPS-T42-12. Please refer to USPS-LR-L-48, page 3.

- a. Please provide a complete description of the activities performed in the cost pool MODS 49 LD49.
- b. Please provide a complete description of the activities performed in the cost pool MODS 79 LD79.
- c. Please provide a complete description of the activities performed in the cost pool MODS 99 1SUPP_F1.
- d. Please provide a complete description of the activities performed in the BMC cost pool NON MODS MISC.

PB/USPS-T42-13. Please refer to USPS-LR-L-110, page 3.

- a. Please provide a complete description of the activities performed in the cost pool MODS 48 LD48 EXP.
- b. Please provide a complete description of the activities performed in the cost pool MODS 48 LD48 OTH.
- c. Please provide a complete description of the activities performed in the cost pool MODS 48 LD48_ADM.
- d. Please provide a complete description of the activities performed in the cost pool MODS 48 LD48_SSV.
- e. Please provide a complete description of the activities performed in the cost pool MODS 49 LD49.